

Report exposes criminal connections of Lithuanian president

Niall Green**25 November 2003**

The release at the end of October of a state security department report into corruption and breaches of national security by the president of Lithuania and his office has opened up a political crisis in the Baltic state.

President Rolandas Paksas and several of his senior advisers have been implicated in involvement with the Russian-based mafia following a massive investigation by Lithuanian and Russian intelligence services. Paksas, a former stunt pilot, was only elected in January this year, on the back of a campaign to end corruption and criminality.

On October 30, Mercys Laurinkus, director of the Lithuanian state security department, delivered a large report on the activities of the presidential office to parliamentary speaker Artus Paulauskas, who made public much of its findings. An emergency meeting of the National Defense Council—including the president, the prime minister, the speaker, and top military and intelligence figures—was convened, which announced that the report revealed there had been a “threat to national security.”

Prime Minister Algirdas Brazauskas of the Social Democratic Party attempted to play down the report, claiming that there was “no danger to the state” and “no need to panic.” Paulauskas struck a different note: “There should be an answer whether criminal activities took place or not, whether some officials have to be fired.”

Included in the dossier were tape recordings that appeared to link the president to suspected mobsters, especially the Georgian-born Russian businessman Anzor Aksentyev Kikalishvili.

Kikalishvili heads the 21st Century trading company, founded in the 1990s by notorious criminal Otari Kvantrishvili. The company is widely suspected in the former Soviet Union of involvement in illegal activities

such as the smuggling of drugs, antiquities and jewels. The report pointed out that Paksas’s national security adviser, Remigijus Acas, was a close associate of Kikalishvili. Acas was immediately suspended from service by Paksas and subsequently dismissed from his post.

Several of the 2,000 tape recordings in the report bear witness to the gangster mentality of the Paksas entourage. In one recording, Yuri Borisov, Paksas’s main financial backer during this year’s presidential election campaign and another Kikalishvili associate, was heard complaining to Acas of being “duped” by the president and threatening that Paksas was a “dead man.” Borisov is now facing charges of threatening a public official.

Soon after the report was made public, Paksas went on state television to strenuously deny any personal wrongdoing: “I categorically reject any insinuations and with all responsibility announce that I have no commitments that could harm the state’s interests.”

At the same time, members of Paksas’s Liberal Democratic Party in parliament moved to oust Laurinkus from the directorship of the state security department, a move halted by the parliamentary speaker.

The Lithuanian parliament established a special commission to investigate the report, following which Paksas sacked six senior members of his office. The president claimed that the cull was an attempt to “clear the political fog” and resume his duties free from suspicion. However, Paksas remains mired in controversy and rival sections of the Lithuanian ruling elite feel they have gained great advantage over the president.

In 1999, Paksas was forced to resign as prime minister following the sell-off of 33 percent of the

Maziekui oil refinery—Lithuania’s major industrial complex—to America’s Williams International. Paksas had offered huge financial inducements to the US firm. He was forced out of prime ministerial office again in 2001 following corruption charges against government ministers and a falling out with his then-coalition ally Artus Paulauskas—now leading the investigation against him. In 2001, Paulauskas, as well as current prime minister Brazauskas, favoured the sale of a further third of the Maziekui plant to Russian oil and gas giant Yukos, while Paksas was widely believed to be acting on behalf of rival Russian firm Lukoil.

In his election campaign and subsequently, Paksas has relied on the backing of wealthy members of Lithuania’s substantial Russian minority and has been accused by his political opponents of being too tied to Russian interests. The opposition Conservative Party, which frequently relies on anti-Russian chauvinism, is pushing for Paksas’s resignation. Ex-prime minister and leader of the Conservatives Andrius Kubilius said of the scandal, “It is Lithuania’s Watergate, and American history shows that only maximum publicity could help clean up the dirt surrounding Lithuania’s supreme authority.”

Party spokeswoman Rasa Jukneviciene, speaking to the *Baltic Times*, warned that many questions surrounding the president remained unanswered, adding that “the connections between the president and dark elements are, indeed, deep ones.”

As well as seeking to settle old personal scores among Lithuania’s tiny ruling elite, those who have sought to weaken or depose Paksas see his ties to controversial Russian businessmen as a threat to their interests. Right-wing Lithuanian nationalists have railed against the supposed spread of Russian influence in the country since Paksas took office. Several leading political and business figures have warned that powerful Russian businessmen were seeking to snap up assets in the country using their influence over the president. Speaking only days before the security report was released, security department director Laurinkas spoke publicly about a plan by unnamed businessmen to push for the privatisation of strategically important Lithuanian assets, to be paid for with “dirty money.”

While there is no reason to doubt that the Lithuanian state security department dossier is substantially accurate, it is clear that the move against Paksas and the

section of wealthy Russians that he represents is not substantially motivated by a desire to “clean up” Lithuanian politics. Rather, the Lithuanian business elite and the security service have acted to block the attempts of Russian-based capital to expand its position in the country at the expense of native capital.

It may be more than coincidence that the exposure of the Lithuanian president for involvement with Russian mobsters came only days after Russia’s president Putin moved against the head of Yukos, Mikhail Khordorkovsky, and other wealthy Russian figures. The Lithuanian state security department had cooperated with Russian state intelligence services while monitoring the president and his aides—many of the taped conversations in the report were recorded in private meetings in Moscow. Both apparatuses appear to have coordinated their efforts to weaken sections of the criminal elite deemed to be usurping power from the more established rulers in the former Soviet Union.



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